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August 21, 1975

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PORTUGAL

President Costa Gomes yesterday touched off a wave of speculation that Prime Minister Goncalves is on his way out with a statement that the duration of his government "can be expressed in days."

Costa Gomes may have been referring back to his earlier statement that the Goncalves government is transitional. In the unstable atmosphere of Lisbon, however, his comments are being widely interpreted as giving substance to reports, otherwise unconfirmed, that Goncalves' opponents in the military had threatened to seize power by force if the pro-Communist Prime Minister was not removed within a week.

The Lisbon press says the ultimatum was delivered by Melo Antunes, the leader of the anti-Communist faction, who has apparently managed to formulate a compromise program. He was accompanied by security chief Otelo de Carvalho, as well as by the army and air force chiefs of staff and five other officers.

The move to oust Goncalves appears to have been strengthened by support from army Chief of Staff Fabiao. In a press interview published in Paris yesterday, Fabiao is quoted as saying that the government headed by Goncalves is ineffective and has little chance of continuing to function. An unconfirmed report alleges that Costa Gomes signaled his acceptance of the demand for Goncalves' ouster by speaking of his preference for General Fabiao as a replacement. Fabiao has been reluctant to enter the power struggle, and this reluctance may in fact improve his chances of replacing Goncalves and restoring some unity to the armed forces.

Meanwhile, the failure of recent Communist efforts to recapture the political initiative, such as the aborted rally in Porto last Monday and the ineffective general strike in Lisbon Tuesday, may be prompting the party to put some distance between itself and the Prime Minister. Goncalves' opponents reportedly do not rule out Communist participation in a new government, as long as the party's influence is kept in proportion to its support among the electorate.

After a wave of anti-Communist violence in the Azores, the military governor in the islands has ordered several Communist leaders deported. A separatist organization similar to the one active in the Azores has been established on Madeira, where a series of anti-Communist incidents has also been reported recently.

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THAILAND

Fresh outbreaks of civil unrest in Bangkok have presented Prime Minister Khukrit with his first serious political test since taking office five months ago.

In the most serious incident, policemen, protesting the government's release of nine student and farmer activists arrested last week for kidnaping and arson, stormed and ransacked Khukrit's house. Across town, a violent confrontation took place between radical university students and vocational students determined to avenge the wounding of a fellow student. In addition, striking security guards broke into Labor Department offices, reportedly wounding one official and abducting three others.

Khukrit has decided against declaring a state of emergency for the time being.

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The police demonstrations may be of particular concern to Khukrit because they reflect the bitterness of conservative groups over the government's reluctance to rein in student dissidents. Some military and other senior security officers have long maintained that civilian rule is not capable of providing Thailand with civil order and political stability. The government's release of the nine activists following the week-long student protest lends credence to this belief.

It seems unlikely that the unrest in Bangkok is being orchestrated by any one group, but it is possible that some of the protesters are being manipulated by others intent on bringing down the government. There are certain elements in Thailand who would like to see the experiment in parliamentary democracy end. The radical left has spoken of its desire to foment unrest in the hope of precipitating a military coup. They believe that only a coup would force the educated middle class into joining the communist insurgents. Some conservatives, on the other hand, are eager to see a military or a more authoritarian parliamentary government in power and would take advantage of any unrest to discredit the present government.

Khukrit is likely to continue to seek resolution of these issues through compromise because strong-arm efforts to deal with the situation could easily backfire on him. A crackdown against the students would be likely to spark a new

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wave of student protests, whereas a move directed against the police would further alienate conservatives both in the government and the military. It is possible that the various protesters will themselves back off and avoid forcing the government's hand. The students, perhaps more than the other groups, have a vested interest in seeing Thailand's experiment in democratic government succeed.

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BANGLADESH

Frictions are intensifying within the Bengalee army as the various contenders for power at middle and senior levels continue to maneuver for position. Government operations have been immobilized, while the officers who dominate the new government work out relations among themselves.

Despite their differences, the officers are trying to maintain an outward appearance of unity; they fear Indian intervention if their dispute gets out of hand. The senior officers contend that the middle-grade officers are still refusing to honor the chain of command. The younger officers apparently thought agreement had been reached early this week to establish a new policy-making group in which they would share power with the senior officers.

Chief of the general staff Brigadier Khalid Musharraf—the army's number-three man—may be emerging as the dominant force among the senior military men. He reportedly is prepared to take drastic action against recalcitrant coup leaders, including Major Farook—his nephew and confidant before the coup—and Major Raschid—a nephew of President Mushtaque.

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USSR-BANGLADESH

The Soviets have been publicly noncommittal about the coup in Bangladesh, but—like most observers—undoubtedly see it as a setback for Soviet and Indian interests.

Moscow had its problems with former president Mujib, who regarded Soviet economic aid as niggardly, but believed he was the only person who could keep Bangladesh from disintegrating. The Soviets welcomed his assumption of more authoritarian power, not only because it was in keeping with their own predilections, but also because they hoped it would enable him to deal more effectively with Bangladesh's many problems.

The coup seems to have taken Moscow by surprise. The day before, a Soviet South Asian expert in Moscow said he thought Mujib had broad support and therefore stood a good chance of ridding the Bengalee government of its administrative chaos and corruption. Immediately after the coup, Soviet officials in Dacca were trying hard to discover the origins of the action and the orientation of the new regime.

The Soviets are uneasy about Pakistan's early recognition of the new government, fearing a Pakistani-Bengalee rapprochement can take place only at the expense of Dacca's ties to New Delhi and Moscow. The Soviets also are unhappy about what they see as the pro-US sympathies of the coup leaders. Moscow's greatest concern, however, is that the new government will move to improve Bangladesh's relations with China.

Until the Soviets have a better idea of Dacca's intentions, they are unlikely to do or say anything to antagonize the new leaders. Moscow will probably let India take the lead in testing the sincerity of the new government's pledges that Bangladesh will continue to follow Mujib's foreign policy. The Soviets may caution India against an overreaction, even though India apparently needs no such advice.

The Soviets may well worry about the effect events in Bangladesh may have in India. Moscow has supported Prime Minister Gandhi's power grab, but even prior to the coup expressed concern over the possibility of a right-wing reaction.

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USSR-INDIA

The Soviet Union will provide three Krivak-class guided-missile destroyers to India, [REDACTED] This destroyer is the most heavily armed combatant of its size in the world and would be the most modern major combatant ever exported to any country by the USSR.

The Krivaks are part of an aid agreement signed in February 1975. The first destroyer will be delivered in 1978, and the other two are scheduled for delivery in 1979 and 1980.

Soviet Krivaks carry the SS-N-10 antiship cruise missile, the SA-N-4 surface-to-air missile, a dual-purpose gun system, and two antisubmarine weapons systems. [REDACTED]

Also reportedly included in this agreement are three minesweepers and three Nanuchka-class guided-missile patrol boats. Soviet Nanuchkas are armed with the SS-N-9 antiship cruise missile and the SA-N-4 missile system. Both the Krivak and the Nanuchka are powered by gas turbines and have a speed in excess of 30 knots. [REDACTED]

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INDIA

A member of Prime Minister Gandhi's legal defense staff says her government is formulating plans to reduce significantly the powers of the judiciary. The power of judicial review reportedly will be further curtailed, and administrative courts on the French model established to handle economic and administrative cases, which constitute the bulk of the judiciary's business.

The revisions are expected sometime after the Supreme Court decides on the validity of the recently enacted constitutional amendment that retroactively places a prime minister's election to parliament outside the jurisdiction of the courts. On August 25, five members of the Supreme Court, including the chief justice, will begin hearings on the amendment. Gandhi maintains that the amendment does not alter the basic structure of the constitution and therefore is valid. If the court concurs, the case against Gandhi for election violations in 1971 will almost certainly be voided immediately.

Although four of the five justices who will rule on the constitutionality of the disputed amendment appear to favor Gandhi, the court is sensitive about its independence and may prolong the hearings beyond the anticipated two weeks or even rule against her. In the event of an adverse ruling, Gandhi may once again turn to parliament, which is subservient to her, to secure her position. She might, for example, convert it into a constituent assembly that would make major changes in the governmental structure, including the establishment of a less powerful judiciary. Gandhi insists that parliament should have supremacy over the courts, arguing that legislators represent a majority of the people, while the judiciary speaks only for a privileged minority.

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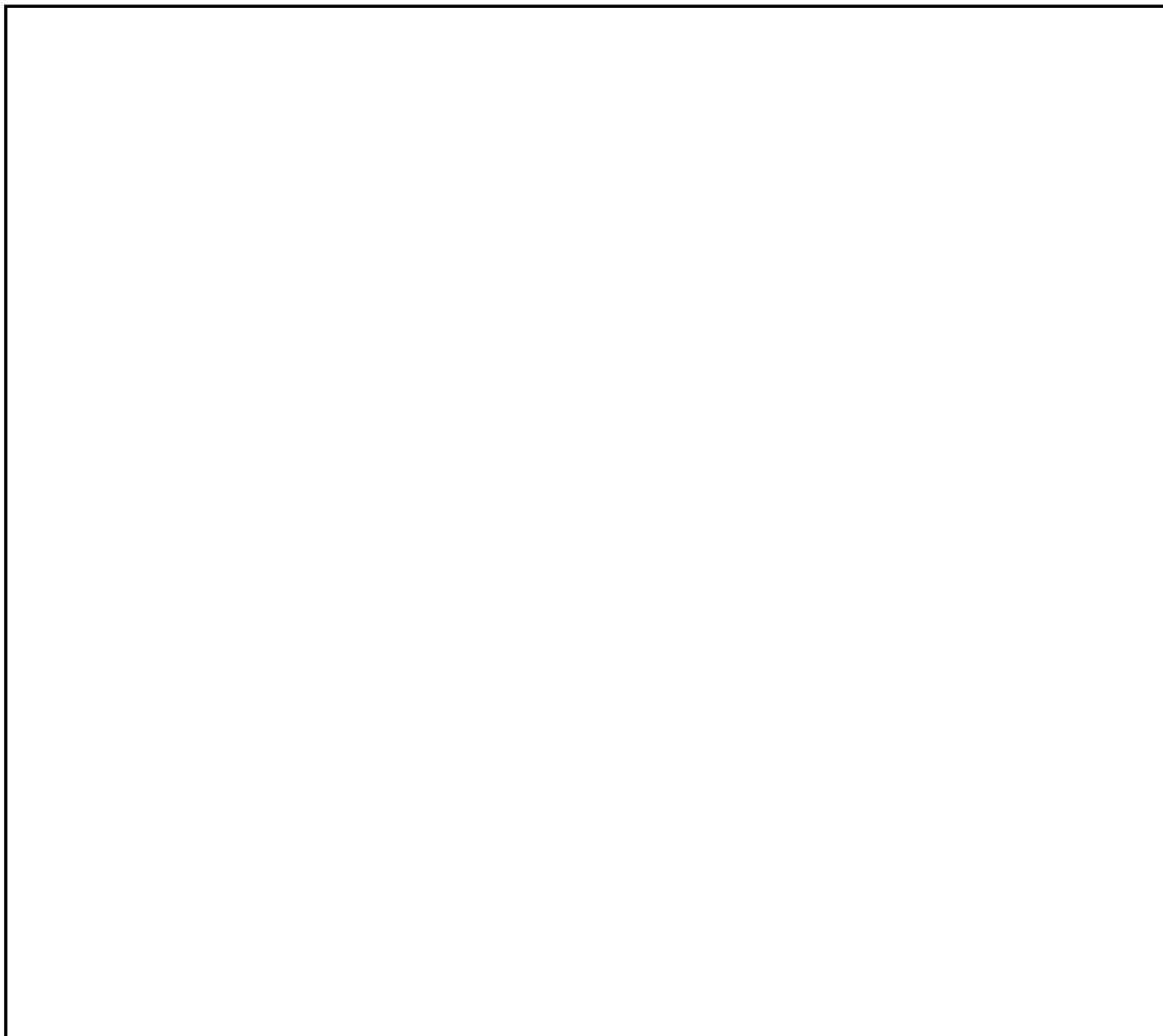
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LIBYA-TURKEY

Libya and Turkey reportedly have negotiated a number of military and economic agreements over the past several months.

Turkish Foreign Minister Caglayangil, who was in Tripoli on Sunday, signed protocols for industrial, banking, and shipping projects agreed to in January. Under the January accords, Libya agreed to finance a petrochemical plant in Turkey and to participate in joint ventures in shipbuilding and vehicle assembly. Libya also offered to provide 22 million barrels of petroleum annually in exchange for commodities.

The two countries reportedly have agreed to set up a joint Libyan-Turkish bank. They also probably agreed on the use of Turkish contractors, engineering companies, and the dispatch of workers to augment the 5,000 Turkish personnel already employed at Libyan construction projects.

Libyan and Turkish air force representatives have discussed establishing an air force academy in Tripoli and sending Turkish air force personnel to Libya. Earlier, agreement had been reached on a pilot exchange program in which Turkish pilots would train on Mirages and Libyan pilots on F-5s. This might facilitate any loan of Libyan aircraft to Turkey in the future.

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Ankara has been exploring the possibility of developing its own defense industry for several years. The US arms embargo and the availability of Libyan money doubtless added impetus to the exploration.

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For the Libyans, the Turks are a useful source of technical knowledge and skilled manpower for Libya's ambitious military and economic development plans. For the Turks, the Libyans are a useful source of needed oil; the Turks may also feel that these contracts would improve their hand in dealing with the US.

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THE NETHERLANDS

The Dutch government, under pressure to trim the budget, informed NATO last week that it plans to make further reductions in naval forces in order to reduce defense spending. The plan, if implemented, would significantly reduce, by January 1976, Alliance capabilities for sea surveillance and antisubmarine warfare.

The Hague has agreed to consult with its allies before making any final decisions. US embassy officials in The Hague believe the Dutch government may have advised NATO of the planned reduction in order to mobilize opinion within the Alliance against such a step and strengthen the hand of key Labor ministers who feel strongly about The Netherlands' obligations to the Alliance.

The Dutch notified NATO of their intention to retire 15 long-range Neptune patrol aircraft used in sea surveillance and antisubmarine duty and postpone the purchase of US-built Orion aircraft originally planned as replacements. In addition, the Dutch flagship, a guided-missile cruiser, would be de-commissioned next month, rather than in 1977 as planned.

The NATO military committee in Brussels is concerned that if the Dutch do reduce their forces, the surveillance of Soviet submarine activity in the eastern Atlantic will be seriously hampered. The committee previously recommended speeding up the Dutch replacement program and even suggested increasing the number of patrol aircraft.

In addition to serious budget difficulties stemming from inflation and unemployment, Prime Minister den Uyl's government has been facing growing antimilitarism as well. Furthermore, the current atmosphere of detente has raised questions regarding Dutch participation in NATO.

Both den Uyl and Defense Minister Vredeling have displayed skill and flexibility in managing the Dutch defense effort over the past two years. Like other small NATO members, the Dutch have sought ways to stretch their budget to cover increasing defense costs. A ten-year defense budget plan extending through 1983 and approved by NATO reflects the government's desire to maintain its commitment. Although the plan is less than two years old, the government had earlier indicated that it was considering other measures to reduce government spending, in addition to the latest move affecting naval forces. Some government opponents also object to the extended time period covered by the plan, which will commit future governments to these policies.

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ITALY

Italian government and party leaders are still grappling with the consequences of the Communist Party's unprecedented gains in the regional and local elections in June. The main controversy centers on the continuing trend toward closer relations between the Communists and the Socialist Party, which is pledged to support the Moro government in parliament.

Since the elections, the Socialists have shown a clear preference for alliance with the Communists in the new regional and local governments. The Socialists, who gained moderately in the elections, now share power with the Communists in most major Italian cities, 5 of the 20 regions, and nearly a third of the 94 provinces.

Socialist leader De Martino has rebutted criticism from the other parties that participate in or support the Moro government--the Christian Democrats, Social Democrats, and Republicans--by maintaining that he is against a Socialist-Communist coalition at the national level. Such an alliance would not control a majority in the present parliament, but that could change after the next national election, which must be held no later than 1977.

De Martino drew additional fire from the other parties last week by signing a joint communique with Communist chief Berlinguer on the situation in Portugal. The communique called for a political agreement in Portugal between the "democratic" parties—including the Communists—and the Armed Forces Movement.

The fact that De Martino associated himself in a joint statement with Berlinguer drew more criticism than the document itself. Although the Communists and Socialists have consulted discreetly on policy matters in recent years, they have not issued joint communiqués since the dissolution of their common "front" in 1957.

Berlinguer, for his part, scored a major gain by signing a joint document on a foreign policy issue with a party that has participated in more Italian governments for more than a decade. That will help him deflect the renewed criticism he has come under as a result of his party's recent signing of a joint communique on Portugal with the Soviets that seemed to give stronger support to the Portuguese Communists than Berlinguer has in the past. On many occasions, he has publicly stated his disapproval of Portuguese Communist strategy.

De Martino, on the other hand, will be able to point to the less-than-revolutionary language in the document he signed with Berlinguer to support his argument that Italy's Communists are developing into a legitimate national party. The Socialists have used this line to help justify growing collaboration with the Communists.

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The Socialists, meanwhile, have spelled out what they regard as a suitable successor to the Moro government, which is almost certain to be replaced before the end of the year. Although still opposed to giving the Communists any cabinet positions, the Socialists desire an arrangement that would allow the Communists to participate indirectly.

Last week, the Socialists pointed to the regional administrations in Lombardy and Campania as models for the next national government. Although the Communists are excluded from the center-left governments formed by the Christian Democrats and Socialists in those areas, the two parties have agreed to negotiate formally with the Communists on the regional legislative program.

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SPAIN

The meetings General Franco is holding this week with his designated successor, Prince Juan Carlos, have sparked speculation that an important political announcement is pending, perhaps as early as today.

Franco has given no indication that he is ready to turn over his powers to the Prince, though rumors of such a move crop up periodically. There is a wide range of other possible topics for the talks between the two, including:

--Possible cabinet changes; rightists reportedly have been pressing for the replacement of Prime Minister Arias, who was damaged politically by Franco's recent appointment of Jose Solis Ruiz as minister secretary general of the National Movement.

--Base negotiations with the US; in the round of talks that began this week, the Spanish raised the possibility of a US withdrawal from all facilities in Spain except the naval base at Rota if Spain's desire for a NATO connection cannot be met.

--Counterterrorist measures; tough new regulations are planned that are likely to draw a hostile reaction from Spain's European neighbors.

--Recent military arrests; some of those arrested reportedly were classmates of the Prince at the military academy.

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ARGENTINA

Security forces are bracing for possible major violence by leftist extremists on Friday, the third anniversary of the killing by the government of 17 captured terrorists said to be attempting to escape. The left often cites this incident in support of claims of government repression and to justify its own violent tactics.

An additional justification this year for major violence was last week's particularly brutal murder of the family of one of those shot in the escape attempt three years ago. A heretofore unknown group, presumably rightist in orientation and possibly connected to the well-publicized Anti-Communist Alliance, claimed credit for the murders. In the course of the theft this week of a military munitions truck, terrorists killed an army captain. A note found at the scene claimed that the two principal leftist guerrilla groups had acted jointly and planned to retaliate for the murder of the family.

In recent weeks, the number of killings and bombings by the left has been on the rise. Among the victims has been the mayor of the capital city of Buenos Aires Province. Yesterday, leftist extremists launched gun and bomb attacks against government buildings and an army barracks in the industrial city of Cordoba, reportedly killing 5 policemen and wounding 26 civilians.

Although leftist violence has plagued the country since 1969, officials have not seen it as a threat to the survival of governments. Indeed, full-scale antisubversive efforts—as opposed to retaliation in kind—have been slow to materialize and have made only modest headway.

Since the departure of Lopez Rega, widely thought to be backing the Anti-Communist Alliance, the administration has been at pains to change its rightist image. It has, for example, eased restraints on the previously heavily censored press and fired numerous officials connected with Lopez Rega. Last week's murders will hurt that effort, but of itself the event constitutes only an irritant to the left, whose goal all along has been to spark a popular uprising that would bring down the government.

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CAMBODIA: At farewell banquet ceremonies in Pyongyang yesterday, North Korean President Kim Il-song announced that Prince Sihanouk will accompany visiting Cambodian Deputy Prime Minister Khieu Samphan back to Phnom Penh. No date was given for their departure, but they are expected to leave Pyongyang within the next few days and return to Phnom Penh via Peking. [REDACTED]

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[REDACTED] an agreement had indeed been reached between Sihanouk and the Khmer communists permitting the Prince's return to Cambodia in September. No indication was given, however, as to the duration of his stay in Phnom Penh or to the political role he may play.

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[REDACTED]

CIA

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MEXICO: Most of the destruction of Mexican opium poppy fields in the record-breaking antinarcotics campaign conducted in the first few months of this year may have occurred after the opium pods had been harvested. A detailed study by the US Drug Enforcement Administration indicates that as much as 60 percent of the fields in the main growing area of the northwest had been harvested at least once before the Mexican eradication teams reached them. This finding casts considerable doubt on the validity of previous statistics on poppy field destruction and may help explain why large quantities of Mexican heroin continue to flow into the US. Harvesting before destruction may have been the result of collusion between the authorities and the opium growers, simply a matter of poor timing by those who planned the campaign, or a combination of the two. [REDACTED]

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[REDACTED]

CIA

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JAPAN: Leftist radicals plan a demonstration in Tokyo on August 28 to counter Secretary of Defense Schlesinger's visit beginning that day. Some 3,000 radicals intend to show opposition to US bases in the country and to embarrass the two governments. A US air force transport squadron scheduled to arrive in the Tokyo area from Okinawa may overlap the visit, attracting additional adverse leftist reaction. The Japanese police have successfully controlled previous incidents with stringent security measures and overwhelming numbers. Isolated acts of violence by small groups of terrorists, however, remain a real possibility. On August 14, three time bombs were exploded virtually simultaneously at police boxes in different sections of Tokyo. A leftist group claimed credit. [REDACTED]

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